

Message Text

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15

ACTION EA-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-03

INR-07 NSAE-00 RSC-01 TRSE-00 XMB-02 OPIC-03 SP-02

CIEP-01 LAB-04 SIL-01 OMB-01 AGR-05 IGA-01 DODE-00

PM-03 H-01 L-02 NSC-05 PA-01 PRS-01 SS-15 USIA-06

STR-01 /089 W

----- 035021

P 051050Z FEB 75

FM AMEMBASSY VIENTIANE

TO SECSTATE WASHDC PRIORITY 2428

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E.O. 11652: N/A

TAGS: ECON, LA

SUBJECT: WEEKLY ECONOMIC SITUATION REPORT (JAN 29 - EB 4)

1. TOTAL FOREIGN EXCHANGE SOLD THROUGH BANKS DURING WEEK ENDING JAN 31 WAS \$432,000, COMPARED WITH PREVIOUS WEEKLY AVERAGE FOR CY 1975 OF \$478,000. OF FX SOLD, 28 PERCENT WAS FOR DEBT REPAYMENT BY ELECTRICITE DU LAOS, 13 PERCENT FOR PETROLEUM PRODUCTS, AND 12 PERCENT FOR FERTILIZER.

2. THE FREE MARKET RATE FOR DOLLARS ROSE marginally DURING PAST WEEK. ON FEB 4 MERCHANTS AND OTHER FX DEALERS WERE BUYING DOLLARS FOR APPROXIMATELY 1,380 KIP PER DOLLAR AND SELLING FOR 1,390 KIP, UP FROM 1,360 BUYING AND 1,380 SELLING ON JAN 28. BAHT WAS BEING BOUGHT FOR 6,800 KIP PER 100 BAHT, SELLING 6,900 KIP.

3. USAID COST-OF-LIVING INDEX FOR VIENTIANE DECREASE marginally DURING LASTE WEEK, REFLECTING PRIMARILY PRICE DECREASES FOR FISH, OFFSET TO SOME EXTENT BY INCREASE IN RICE PRICES. USAID INDEX ON FEB 3 SHOWED FOLLOWING CHANGES:

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PERCENTAGE CHANGES SINCE

	JAN 29	END FY 74
GENERAL INDEX	(-0.05)	3.1
RICE INDEX	6.2	7.4
NON-RICE INDEX	(-2.0)	2.1

4. MEKONG COMMITTEE (MCC) PLENARY SESSION FOR 1975 WAS HELD IN VIENTIANE JAN 29 TO FEB 3 (SEE VIENTIANE 0672). MEETING WAS CHAIRED BY PGNU SECSTATE FOR PUBLIC WORKS AND TRANSPORTATION WHO WILL BE MCC CHAIRMAN FOR CY 1975. MCC MEMBER COUNTRIES (THAILAND, LAOS, KHMER REPUBLIC, REPUBLIC OF VIETNAM) WITH MCC SECRETARIAT AND DELEGATIONS FROM OVER HALF OF 25 CONTRIBUTING NATIONS REVIEWED CURRENT AND PROPOSED MCC PROJECTS AND PROGRAMS. MAJOR RESULT OF MEETING WAS FORMAL SIGNING BY MCC MEMBER COUNTRIES OF DECLARATION OF PRINCIPLES FOR THE USE OF THE WATERS OF THE LOWER MEKONG BASIN. THE GOVERNMENT OF NETHERLANDS REAFFIRMED ITS PLEDGE OF 2.7 MILLION GULDERS (\$1.1 MILLION) THROUGH THE MEKONG COMMITTEE FOR POSTWAR ASSISTANCE TO LAOS.

5. RECENT DEVELOPMENTS IN LAO EFFORTS TO OBTAIN ADDITIONAL FOREIGN ASSISTANCE INCLUDE:

A. THE AID-SEEKING MISSION TO INDONESIA LED BY MINISTER OF ECONOMY AND PLAN SOTH PHETRASY RETURNED TO VIENTIANE FEB 2. PRELIMINARY REPORTS ARE THAT INDONESIAN GOVERNMENT, IN FIRST LOAN TO BE GIVEN BY INDONESIA TO ANOTHER COUNTRY, HAS AGREED TO PROVIDE LAOS WITH: (1) A \$1 MILLION 30-YEAR INTEREST FREE LOAN, WITH 50 PERCENT TO BE PROVIDED IN CASH FOR LAO CURRENCY STABILIZATION AND 50 PERCENT FOR IMPORTATION OF INDONESIAN PRODUCTS, PRIMARILY TEXTILES; AND (2) TECHNICAL ASSISTANCE (SEE JAKARTA 1338).

B. THE FIRST CONVOY OF TRUCKS CARRYING NORTH VIETNAMESE COMMODITIES (PRIMARILY CEMENT) PROVIDED BY DRV TO LAOS PURSUANT TO RECENT AID AGREEMENT (VIENTIANE 0301) ARRIVED IN PAKSANE ON FEB 1. IN CONJUNCTION WITH THIS ARRIVAL THERE WERE TWO CEREMONIES, ONE TO INAUGURATE THE RECENTLY COMPLETED DRV-BUILT BRIDGE ACROSS THE NAM CADING, PERMITTING ARRIVAL OF THIS ASSISTANCE IN PAKSANE, THE OTHER TO CELEBRATE THE ACTUAL ARRIVAL AND TURNOVER OF THE INITIAL SHIPMENT OF COMMODITIES. LIMITED OFFICIAL USE

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6. DECONTROL FOLLOWING 2/5/76.
WHITEHOUSE

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